VZCZCXRO0108
RR RUEHCN RUEHGH
DE RUEHGH #0450/01 2950435
ZNR UUUUU ZZH
R 210435Z OCT 08
FM AMCONSUL SHANGHAI
TO RUEHC/SECSTATE WASHDC 7262
INFO RUEHBJ/AMEMBASSY BEIJING 2215
RUEHSH/AMCONSUL SHENYANG 1477
RUEHCN/AMCONSUL CHENGDU 1485
RUEHGZ/AMCONSUL GUANGZHOU 1456
RUEHHK/AMCONSUL HONG KONG 1641
RUEHIN/AIT TAIPEI 1279
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEHGH/AMCONSUL SHANGHAI 7854

UNCLAS SECTION 01 OF 02 SHANGHAI 000450

SIPDIS

USDOC FOR ITA/MAC/OCEA, MELCHER

E.O. 12958: N/A
TAGS: EINV PGOV PREL ETRD ECON SOCI CH
SUBJECT: STONES FROM OTHER HILLS SERVE TO POLISH THE JADE: SUZHOU'S CONSULTATION MEETING WITH FOREIGN DIPLOMATS AND BUSINESS REPRESENTATIVES

¶1. (U) Summary: Suzhou Mayor Yan Li invited Shanghai-based diplomats, business people and sister city reps to a two-day event Sept. 26-27 showcasing the city as a model of investment-friendly and harmonious development. Although billed as a an opportunity for the city to seek advice from outside ("stones from other hills may serve to polish the jade from this hill"), the event served as a more lavish version of the sales pitch tour that ambitious East China cities regularly bring to Shanghai-based consulates and businesses. Now in its third year, the Suzhou consultation format appears to have taken its cue from Shanghai's International Business Leaders Advisory Committee, which will convene its 20th annual meeting in November. End summary.

¶2. (U) Famous in Chinese history for its classical gardens, Suzhou is today a city of 6.25 million inhabitants and site of the largest industrial parks in Jiangsu Province. Sister cities include Venice, which presented a gondola as a gift to Suzhou, as well as Constance, Germany and Portland, Oregon. During the core Consultation Meeting attended by over 100 invitees, including the Consul General and Conoff, topics included sustainable development, education, expanding international cooperation, development of the service industry, and the making the local economy to resource efficient and environmentally friendly. The mayor's keynote speech emphasized that China requires a concerted strategy of sustainable development in order to maintain current growth rates. He identified several threats to growth, including a burgeoning population, influx of laborers from the countryside, and environmental deterioration. Quoting a U.S. scholar that "growth for the sake of growth is the ideology of cancer," the mayor highlighted the costs of economic growth, including resource exhaustion and environmental pollution.

¶3. (U) The mayor presented several policies designed to confront these challenges, primarily the development of the service sector as the city's foremost growth engine. Noting that the service sector compromises 34.6% of Suzhou's GDP, Mayor Yan hoped to reduce the dominance of the manufacturing sector by continuing to focus energy toward developing service industries and moving toward technology and knowledge intensive industries. This strategy includes the development of modern and efficient agriculture production methods, the growth of R&D centers, as well as the stimulation of domestic consumption and tourism. The mayor noted that population policies must be in line with economic and social policies, and that a "deepening urbanization" should be encouraged to improve economies of scale. He also stated that "overall population growth should be strictly controlled by strengthening the management of migrants and the entry of registered residence."

¶4. (U) Foreign speakers included representatives from Germany, Italy, AIA, Porsche, several companies based at the Suzhou Industrial Park, and Amcham China. Additional foreign speakers took the stage during the scheduled half-hour "brainstorming" session, continuing with the earlier themes. In his remarks, Beijing-based Amcham China President Michael Barbalas, a former resident and now honorary citizen of Suzhou, said that the economic slowdown in the United States and the corresponding reduction in international trade will present challenges for Suzhou's economy. However, a recent Amcham survey showed that over 89% of US business leaders remain optimistic about the future of their businesses in China. With Suzhou's well-developed infrastructure and close proximity to Shanghai, Barbalas predicted that U.S. companies who are scaling down their investments and activities in the U.S. will continue expanding aggressively in China. (FYI: The Shanghai Amcham has several hundred members based in Suzhou. End FYI.)

¶5. (U) Attendees were also invited to tour the China-Singapore Suzhou Industrial Park (SIP), the largest industrial park in Jiangsu Province. SIP was created in 1994 via an agreement signed by Chinese Vice Premier Li Lanqing and Singapore Senior Minister Lee Kuan Yew. As of year-end 2007, SIP was home to 3107 foreign-invested enterprises with accumulated contracted investments valued at US$31.7 billion. Investments by U.S. companies accounted for 12.4% or $3.93 billion. SIP creates 15% of Suzhou's GDP.

¶6. (U) Comment: Suzhou's lavish and well-organized consultation meeting presented an attractive vision of sustainable development and efforts to move toward a resource efficient economy. Having reportedly learned from an earlier

year's meeting that brainstorming can get out of hand, the prudent organizers opted to fill that segment of the schedule with more set speeches. Suzhou nevertheless managed to hit the right buttons with a tour of the huge industrial park, speeches about environmental protection, a tree planting ceremony, and a mayor and party secretary who personally greeted all the guests at the evening reception.
CAMP